

Issue Date: 10/28/2004

ACQUISITION LINE OF BUSINESS INTEGRATION AND MANAGEMENT

I. Purpose

This Management Directive (MD) establishes the Department of Homeland Security's (DHS) vision and direction on the authorities and responsibilities of the leadership of the Department's Chief Procurement Officer (CPO). It reinforces our commitment to create a unified 21st century department in both mission accomplishment and support systems performance as quickly as possible. As such, this MD is the principal document for leading, governing, integrating, and managing the Acquisition functions throughout DHS. Essential to the success of Departmental operations is an integrated, progressive support infrastructure designed to function in a highly dynamic environment. Our Strategic Goal of Organizational Excellence mandates a collaborative approach from every entity within the Department.

Creating functional excellence, as described herein, requires every executive, manager, and employee in the Department to create the environment that rewards collaboration, promotes best practices, and shares accountability for the performance of the management support systems that enable the Department to fulfill its mission. This concept of dual accountability mandates that both OE heads and key departmental functional experts are responsible for organizational excellence. The Line of Business Chief described herein will be held accountable for designing the system to optimize the Acquisition function, setting the standards for functional performance, creating the department-wide policies and processes, providing the automated solutions to yield greater efficiencies, and nurturing the development and success of centers of excellence. OE heads will likewise be accountable to support these progressive business functions as a key part of their commitment to mission accomplishment.

In all efforts of this magnitude, when so much is to be gained, the integration and alignment of each function requires strong communication, respect for both individuals and process, and a shared resolve to find solutions that benefit both mission accomplishment and functional excellence. DHS leadership across the Department must challenge traditional approaches and communicate and execute as a team to design and execute these support functions that will constitute progressive 21st century excellence in governance.

The eight distinct procurement offices within DHS obligate and administer billions of dollars annually in acquiring everything DHS needs to deliver upon its mission, including information technology, telecommunications, and research and development. The proper and efficient conduct of a unified DHS acquisition program is critical to DHS' mission and must be managed with precision and cohesion.

II. Scope

This MD applies to all DHS organizational elements, except the United States Secret Service (USSS) and United States Coast Guard (USCG), which are exempted by statute. That notwithstanding, as part of the larger DHS team, both the USSS and USCG will collaborate and participate in the efforts described herein to further both operational and organizational effectiveness and efficiency.

III. Authorities

This MD is governed by numerous Public Laws, regulations, rules and other directives, including but not limited to:

- A. Public Law 107-296, Homeland Security Act of 2002, codified in Title 6, US Code.
- B. Delegation Number 0201.1, Delegation to the Under Secretary for Management.
- C. Department of Homeland Security Management Directive 3030, *SES Merit Staffing Plan*.
- D. Aviation and Transportation Security Act of 2001 (Section 101(a) of Public Law 107-71).
- E. DHS Delegation of Authority 0700, *Delegation to the Chief Procurement Officer for Acquisition and Financial Assistance Management* dated October 6, 2003.
- F. Office of Federal Procurement Policy Act, as amended, 41 U.S.C. 401 et seq.
- G. DHS Acquisition Regulation, 48 C.F.R. Chapter 30.
- H. DHS Acquisition Manual
- I. DHS Acquisition Management Directives 0740 and 0780

- J. DHS MD 0010.1, *Management Directive System and DHS Announcements*.
- K. DHS MD 0110, *Organization Control System*.
- L. Secretary of Homeland Security Memorandum, dated September 12, 2003; Subject: *DHS Leadership Meeting – Organizational Integration*.
- M. Secretary of Homeland Security Memorandum, dated August 12, 2004; Subject: *Functional Integration Effort*.
- N. Deputy Secretary of Homeland Security Memorandum, dated August 13, 2004; Subject: *Guidance for DHS Functional Integration Effort*.
- O. *President’s Management Agenda*, August 1, 2001.
- P. *Securing our Homeland*, US Department of Homeland Security Strategic Plan, February 2004.

IV. Definitions

- A. **Acquisition**: The conceptualization, initiation, design, development, test, contracting, production, deployment, support, modification, and disposal of systems, supplies, or services (including construction) to satisfy OE needs. Acquisition includes all functions managed by the DHS Chief Procurement Officer (CPO) and OE Heads of Contracting Activities. Per the Federal Acquisition Regulation: “Acquisition is the process of acquiring with appropriated funds, by contract for purchase or lease, supplies and services (including construction) that support the missions and goals of an executive agency, from the point at which the requirements of the executive agency are established in consultation with the CPO of the executive agency, including functions related to fulfilling agency requirements by contract.”
- B. **Acquisition Function**: The personnel resources, assets, budgets, and processes used to deliver mission and services.
- C. **Center of Excellence**: An organizational entity with expertise, capabilities, and resources in a specific discipline, chartered to support DHS-wide requirements. The mission, charter, roles, responsibilities, resources, authority, and implementation plans will be reviewed by the Chief Acquisition Officer Council and approved by the DHS CPO.

D. **Chief Acquisition Officer (CAO) Council**: The functional advisory body that assists the DHS CPO in evaluating and determining the best course of action for the One DHS Acquisition Program. The DHS CAO Council is chaired by the DHS CPO and operates under a written charter approved by the Under Secretary of Management.

E. **Chief Procurement Officer (also referred to as the Chief Acquisition Officer [CAO])**: The DHS Senior Procurement Executive who exercises leadership and authority over all aspects of the DHS acquisition program. The CPO is responsible for the management, administration, and oversight of Department-wide acquisition, financial assistance, strategic sourcing, and competitive sourcing programs. The CPO serves as the DHS Chief Acquisition Officer and is accountable for the integrity and performance of the acquisition and financial assistance functions(s) within DHS.

F. **Dual Accountability**: The shared responsibility of both OE Heads and LOB Chiefs to build a progressive 21st Century DHS. Dual accountability recognizes mission accomplishment as the ultimate responsibility of the OE Heads, and also requires them to support functional integration. Dual accountability recognizes the LOB Chiefs' professional expertise in their specialty area and consequently their primary responsibility to drive functional excellence across DHS, and to do so focused also on DHS mission accomplishment.

G. **Functional Integration**: Functional Integration is a transformation process that enhances efficient and effective use of resources by establishing unified policies and business processes, the use of shared or centralized services and standards, and automated solutions. Functional integration is a structured cooperation and collaboration among DHS OEs and LOB Chiefs for the purpose of achieving functional excellence in support of Departmental mission and objectives. This is accomplished by decreasing fragmentation and duplication, providing enhanced integrated services, and increasing efficiency and quality of management lines of business.

H. **Head of the Contracting Activity (HCA)**: The senior acquisition official in the OE. There are eight authorized procurement organizations within the DHS acquisition program. The HCA is the individual responsible for the direct management of the entire acquisition function within the DHS OE. The DHS CPO authorizes each HCA in writing.

I. **Key Acquisition Officials**:

1. All Heads of Contracting Activities (HCAs).
2. The senior GS-1102 professional in the OE designed by the HCA as responsible for daily management of the acquisition program.

J. **Line of Business (LOB) Chief**: This includes the DHS Chief Procurement Officer, DHS Chief Administrative Services Officer, Chief Financial Officer, the Chief Human Capital Officer, and the Chief Information Officer.

K. **Organizational Element (OE)**: Directorates and agencies comprising the Department of Homeland Security, as defined in MD 0010.1.

L. **OE Heads**: DHS Under Secretaries of the Border and Transportation Security (BTS), Information Analysis and Infrastructure Protection (IAIP), Science and Technology (S&T), Management, and Emergency Preparedness and Response (EP&R) Directorates and their mission leaders, administrators and commissioners; the Director of the US Secret Service; the Commandant of the U.S. Coast Guard; the Director, U.S. Citizenship and Immigration Services (CIS); and the Inspector General (IG).

M. **Service Level Agreement (SLA)**: Formal agreement that defines customer service expectations and responsibilities between DHS Mission OEs and support service providers, whether internal or external. SLAs are defined or renewed annually and are used to communicate baseline mission service requirements. SLAs will be signed by the responsible official providing the service, the responsible official receiving the service, and the DHS CPO.

V. Responsibilities

A. **The Secretary** has ultimate authority, accountability, and responsibility for all Acquisition within DHS. As permitted by law and regulation, the Secretary has delegated those authorities to the Under Secretary for Management.

B. **The Under Secretary for Management**

1. The Under Secretary for Management is responsible for establishing the general policy direction for all Management programs within the Department. As permitted under law and regulation, in order to carry out these responsibilities, the Under Secretary for Management, through this MD, re-delegates certain authorities not already delegated by law to the CPO. The Under Secretary is also responsible for ensuring the strategic plans are coordinated with, and are mutually supportive of, the efforts of the LOB Chiefs. These include the Chief Financial Officer (CFO), CPO, Chief Human Capital Officer (CHCO), Chief Information Officer (CIO), and Chief Administrative Services Officer (CAS). This continuous review by the Under Secretary serves to ensure that supportive and complementary integration between or among functions as well as within the function is identified and completed.

2. The Under Secretary for Management, with the LOB Chiefs, is responsible and accountable for designing the optimum Department-wide integrated systems to continuously improve mission support. This requires a team approach, working in collaboration with all OEs, to drive performance excellence in each function in order to create the most progressive support system possible.

C. **OE Heads**

1. OE Heads all must recognize their shared, related, and interdependent responsibility to collaborate and deliver effective and efficient services throughout the Department on behalf of the American taxpayer. In addition, OE Heads all must recognize the unique challenges presented by the mission of the Department of Homeland Security and plan to ensure the continued delivery of effective services in the event of National emergencies and disasters.

2. OE Heads will work together to achieve organizational and systems alignment over time that coherent, analogous organizational structures between OEs and the Department are built to foster greater efficiency and clarity.

3. The OE Head, in addition to other duties, is responsible for:

a. Ensuring that Acquisition duties, as defined in this MD, are carried out effectively and efficiently in support of mission accomplishment and functional integration goals.

b. Supporting and enforcing the tenets of functional excellence as defined by the DHS CPO.

c. Supporting and implementing the annual goals established in collaboration with the DHS CPO.

d. Incorporating DHS CPO input into performance appraisals, bonus or award recommendations, pay adjustments, and other forms of commendation of OE Key Acquisition Officials. In the spirit of dual-accountability, the OE Head and the Under Secretary for Management will confer to resolve any issues.

e. Collaborating with the DHS CPO in recruiting and selecting Key Acquisition Officials, in the following manner:

(1) Seek concurrence of the DHS CPO on the qualification standards, including knowledge, skills, and abilities (KSAs) or competencies, for said position(s);

- (2) Seek the assistance of the DHS CPO in identifying candidates for consideration;
 - (3) Provide DHS CPO the opportunity to participate in the interview process of the best qualified list of candidates; and
 - (4) Seek the concurrence of the DHS CPO on the final selection.
- f. Ensuring the OE HCA is organizationally placed at a senior level and is included in the strategic leadership team in the OE.
- g. Advising and collaborating with the Under Secretary for Management on any OE reorganization or restructuring plans that will result in functional realignments outside of the line of business and any action that would reduce stature or level within the line of business.
- h. With the DHS CPO, and through the OE CPOs, collaborating to support the appropriate resources are made available for all DHS-wide CPO initiatives and providing the direction required to achieve CPO functional excellence.
- i. Providing a centralized procurement organization, where all procurement personnel report directly through a chain of command that leads to the HCA and ensuring full integration by moving all non-military procurement and contracting personnel currently assigned to mission or program officials to report to the HCA.
- j. Supporting an efficient, effective DHS acquisition program through full participation in advance acquisition planning, strategic sourcing, and major Department-wide initiatives.
- k. Considering the allocation of resources to meet staffing levels in accordance with CPO analysis.
- l. Committing resources to the training, development, and certification of acquisition professionals.
- m. Working with the OE HCA to develop an acquisition strategic plan and SLAs. Strategic plans require the approval of both the OE Head and the DHS CPO.
- n. Fully supporting the "One DHS" acquisition initiative.

- o. Committing the talents of the OE HCA to full support of the CAO Council, SLAs, and CPO policies and procedures.
- p. Immediately notifying the CPO of developments that have a significant impact on DHS or activities in the acquisition strategic plan.

D. **The DHS CPO** is responsible for:

1. Conducting program reviews and, in turn, recommending program improvements, corrective actions, and if necessary, revocation of delegated authorities.
2. Exercising the authorities delegated by law, executive order, regulation, or as assigned by the Secretary.
3. Advising and assisting the Secretary, Deputy Secretary, Under Secretary for Management, OE Heads, and other senior officials in carrying out DHS' responsibilities for all activities relating to acquisition programs and operations of the Department.
4. Communicating and implanting the Secretary's and Under Secretary for Management's leadership direction related to Acquisition.
5. Designing, in collaboration with the CAO Council, the optimum structure, processes, and systems to support both Departmental and OE mission and goals and achieve functional excellence. This includes defining acquisition performance metrics and the use of SLAs by which the OE can measure the performance of delivered services.
6. Establishing Department acquisition priorities, policies, processes, standards, guidelines, and procedures. In the spirit of dual-accountability, the OE Head and the Under Secretary for Management will confer to resolve any issues.
7. Collaborating with OE Heads in recruiting and selecting Key Acquisition Officials in the following manner:
 - a. Concurring on the qualification standards including KSAs or competencies for said position(s) with the OE Head;
 - b. Assisting in identifying candidates for consideration;
 - c. Opting to participate in the interview process of the best qualified list of candidates; and

d. Concurring in the final selection made by the OE Head.

8. The DHS CPO will provide to the OE CPO written performance objectives for the Acquisition area at the start of the performance cycle. The DHS CPO will also provide input/feedback to the rating official for OE CPO's accomplishment of those objectives, and will provide input on bonus or award recommendations, pay adjustments, and other forms of commendation.

9. Re-delegating certain authorities to OE Key Acquisition Officials, as necessary, to ensure the appropriate and efficient administration of the Acquisition function.

10. Providing the DHS Secretary, Deputy Secretary, and OE Heads an annual evaluation of acquisition program performance. This will include an assessment of each OEs functional performance. Reports will be prepared by the end of the first quarter of each fiscal year will include the President's Management Agenda (PMA), the DHS Strategic Plan, and other program metrics as they are established.

11. Analyzing workforce requirements for functional personnel to establish recommended staffing and resource level parameters and guidelines for each OE to consider.

12. Establishing and chairing a CAO Council.

13. Creating an acquisition program that optimizes mission effectiveness through quality acquisition and economies of scale.

14. Articulating a clear direction for optimizing a Department-wide acquisition program that uses the strengths of existing systems and eliminates redundant efforts.

15. Developing an integrated procurement system based on human resources, enhanced business processes, and automation across the Department.

16. Establishing and leading DHS-wide initiatives in acquisition planning, strategic sourcing, competitive sourcing, socio-economic objectives, and acquisition workforce development and management.

17. Establishing training, development, and certification guidelines for acquisition professionals. Achieving certification goals may be met through a multi-year plan submitted by the OE HCA to the DHS CPO.

18. Developing and disseminating annual program guidance and key areas of emphasis to be used in OE acquisition strategic plans, evaluation elements, and personnel evaluations.
19. Establishing a “One DHS” acquisition initiative with operating guidelines of transparent operations, competitiveness, open relationships with the private sector, and full-implementation of all socio-economic programs.
20. Implementing programs and policies in support of Presidential Management Agenda initiatives.
21. In conjunction with the DHS CIO, coordinating and implementing an acquisition strategy for the delivery and maintenance of DHS information technology solutions.
22. Fostering productive relationships with industry in the spirit of partnership to support DHS mission needs.
23. In coordination with the Office of Security, establishing and maintaining an Acquisition Security Program that addresses and incorporates security considerations into the life cycle of the acquisition process.

E. **The DHS HCAs** are responsible for:

1. Creating an OE world-class acquisition organization focused on supporting the mission and complying with Federal laws and regulations.
2. Assisting the CPO in developing, implementing, and evaluating acquisition policies, programs, and services by providing resources, input, and counsel.
3. Ensuring acquisition personnel are providing timely, quality customer service, mission support, and contract oversight in accordance with the SLA and performance contracts.
4. Incorporating annual program guidance for CPO key areas of emphasis into the HCA performance contract and cascading this emphasis to subordinate personnel, as appropriate.
5. Developing the Service Level Agreement(s).

6. Developing, in cooperation with the CPO and the OE Heads, an acquisition strategic plan to be updated annually. The strategic plan will include strategic goals, objectives, and initiatives for improving the acquisition function within the OE and DHS, and for ensuring the implementation and success of the “One DHS” acquisition initiative. The acquisition strategic plan will provide goals and objectives for building the OE and HCA performance contracts.

7. Collaborating with the CPO and other HCAs to implement the “One DHS” acquisition initiative.

8. Advising the CPO on the mission, priorities, initiatives, and business needs of the OE.

F. **The DHS Chief Acquisition Officer Council** is a functional advisory body that assists the DHS CPO in evaluating and determining the best course of action for the DHS acquisition program. The DHS CAO Council is chaired by the DHS CPO who has final decision-making responsibility for Council activities.

In support of the DHS CPO, the DHS CAO Council is responsible for:

1. Establishing a Departmental acquisition strategic plan and setting priorities for the acquisition function.

2. Rationalizing priorities to best capitalize on acquisition resources.

3. Defining and continuously improving DHS acquisition governance structures, processes, and performance.

4. Establishing centers of excellence, boards, and working groups tied to DHS CAO Council priorities.

5. Developing and executing formal communications programs for internal and external constituencies.

6. Supporting the DHS CPO in the design, planning, and implementation of acquisition integration plans.

G. The **BTS Under Secretary** is responsible for assisting in the coordination of Acquisition activities between the DHS CPO and the OE HCA of agencies in the BTS Directorate. The BTS Under Secretary will facilitate the dotted line reporting relationship between the DHS CPO and OE HCA of agencies in the BTS Directorate, promoting communication, feedback, and cooperation along the chain of command.

H. **All DHS Acquisition employees** are responsible for being knowledgeable of and complying with policies and programs established by the DHS CPO and OE HCAs, and for conforming to applicable laws and regulations. DHS will provide training and/or guidance from time to time to assist employees, including OE HCA's and other senior executives, to develop their knowledge of operations, policies, procedures, and programs related to the Acquisition Function.

VI. Policy & Procedures

A. **Policy**

1. It is the policy of DHS that the Office of the DHS CPO shall serve as the foundational DHS organization through which all Department-wide Acquisition activities and services will be overseen, defined, and measured.

2. **Authority and Accountability for Integration.** The DHS CPO, through the DHS CPO Council and its centers of excellence, shall design, direct, and oversee the implementation of the integration of Acquisition across the Department to improve mission support quality and efficiency. OE Heads, OE CPOs, and the DHS CPO will all share accountability to the Secretary for successful planning and implementation of functional integration and adherence to this MD.

B. **Principles**

Functional integration will rely on the following principles:

1. Focus on Mission.
2. Recognize our employees as our most valuable asset and make the investments in their career development and professional growth.
3. Plan rigorously and implement when success is likely.
4. Continuously assess and improve operational effectiveness.

C. **Procedures**

1. Acquisition functional integration will be driven by the following:
 - a. **Policies & Processes:** DHS will standardize Acquisition policies and appropriate procedures across the Department to ensure functional excellence. This will be an ongoing effort.

b. **Systems**: The Department will continue to consolidate and integrate the number of systems supporting the Department's Acquisition functions, ensuring such action results in efficiencies that does not compromise mission effectiveness.

c. **Organizations**: A guiding principle of the DHS CPO will be to consolidate the number of organizations that perform the same function and create centers of excellence activities.

2. **Integration Milestones**. The DHS CPO, in collaboration with the OE Heads and CAO Council, will annually establish milestones for the functional integration of Acquisition activities.

3. **Performance Metrics**. To track progress and OE CPO and acquisition organizations, the DHS CPO will annually recommend certain key performance metrics to OE Heads and OE CPO's. Some suggested performance metrics will be relevant to all DHS OEs, and some will differ by OE.

4. **Service Level Agreements**. All SLAs between DHS OEs and support service providers (both internal and external) will include:

- a. Resources Required
- b. Performance Period
- c. Performance Metrics and Reporting
- d. Responsibilities
- e. Funding Mechanism
- f. Terms and Pricing for Services
- g. Dispute Resolution Process
- h. Corrective Action Plans
- i. Termination Policy
- j. Continuous Improvement Goals
- k. Signatures of the Responsible Director for the Provider, the Receiver of Service, and the DHS CPO
- l. Other content as determined by the DHS CAO Council

D. **Implementation** of these policies and programs may be delegated to managers and supervisors responsible for managing assigned personnel. Managers and supervisors at all levels are accountable for the execution of responsibilities within the framework of Federal and DHS policies.

VII. Questions

Questions or concerns regarding this MD should be addressed to the DHS CPO.

Dated: October 28, 2009



Tom Ridge
Secretary of Homeland Security